United Nations A/C.2/64/SR.12

General Assembly
Sixty-fourth session

Official Records

Distr.: General
4 November 2009

Original: English

Second Committee

Summary record of the 12th meeting
Held at Headquarters, New York, on Thursday, 15 October 2009, at 10 a.m.

Chairperson: Mr. García González (Vice-Chairperson) ..... (El Salvador)

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09-56139 (E)

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 52: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference (A/64/322, A/64/377, A/64/189, A/64/76-E/2009/60 and A/64/373)

1. **Mr. Trepelkov** (Acting Director, Financing for Development Office, Department of Economic and Social Affairs) introduced the report of the Secretary-General on follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development (A/64/322), the progress report of the Secretary-General on innovative sources of development finance (A/64/189), and the note by the Secretary-General on proposed organization of work of the High-level Dialogue on Financing for Development (A/64/377), and highlighted their salient points.

2. **Mr. Kleib** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), which associated itself with the position of the Group of 77 and China, said that the June 2009 High-Level Conference on the World Financial and Economic Crisis and its Impact on Development had demonstrated the importance attached by the international community to following up the Monterrey Consensus. The Economic and Social Council resolution on a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up would enhance the role of the United Nations in financing for development. Long-term lessons needed to be learned from the crisis in all six major thematic areas of the Monterrey Consensus. Instabilities in capital flow needed to be reduced, protectionism avoided and Official Development Assistance (ODA) increased to meet the target of 0.7 per cent of gross national income (GNI). More countries should have access to debt relief and to a voice in the global economic decision-making process.

3. Financing for development depended above all on a sound global economic system. Reform of the global financial and economic architecture, global partnerships to facilitate mobilization of resources and national implementation of the necessary macroeconomic policies should be priorities. At their fourteenth summit held in Ch-am Hua Hin, Thailand from 28 February to 1 March 2009, ASEAN leaders had affirmed their commitment to stimulus spending, eased access to credit and free flow of goods and services, and had called for greater cooperation and bolder reform to restore stability and fairness to the international financial system. A United Nations coordinating mechanism would be desirable in that regard.

4. **Ms. Bethel** (Bahamas), speaking on behalf of the Caribbean Community (CARICOM), which also associated itself with the position of the Group of 77 and China, said that the global financial crisis coupled with scaled-back ODA was having a severe negative impact on developing countries. Declines in tourism and export revenue, remittances and foreign investment were slowing down the integration of CARICOM States into the global economy. CARICOM welcomed discussions in the Economic and Social Council on enhancing collaboration and cooperation between the United Nations and the Bretton Woods institutions, and would outline its positions on such institutional arrangements at the November 2009 High-level Dialogue on Financing for Development. For the present, she wished to stress the need to upgrade the United Nations Committee of Experts on International Cooperation in Tax Matters, as had been recommended in the 2008 Doha Declaration.

5. **Ms. Rovirosa** (Mexico), speaking on behalf of the Rio Group, said that the impact on the poorest countries of declines in capital flows, commodity prices and remittances made a cross-cutting approach to all six areas of the Monterrey Consensus all the more important. While the Doha Declaration had been a positive development, it did not sufficiently reinforce the follow-up mechanism for financing for development. She urged speedy implementation of the recommendations of the Economic and Social Council on strengthening the multi-stakeholder intergovernmental process, and hoped for adequate participation in the November 2009 High-level Dialogue. Substantive rather than procedural reforms were what was called for.

6. Some Rio Group member States had been pioneers in the new spirit of partnership between developed and developing countries mentioned in the Secretary-General's progress report on innovative sources of development finance (A/64/189). Broad participation by entities other than Governments was

crucial for addressing areas where the market failed to take into account long-term returns on investment. It might be useful to hold an event on innovative mechanisms for financing for development in the run-up to the 2010 Summit on the Millennium Development Goals (MDGs). It should be understood that such innovative mechanisms were no substitute for meeting the already established ODA target of 0.7 per cent of gross national product (GDP). She welcomed the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 27 April 2009) (A/64/76-E/2009/60), but favoured a more interactive and flexible format for such events, as well as for special events being planned for the Committee.

7. **Mr. Rai** (Nepal), speaking on behalf of the least developed countries, said that the global food and energy crises compounded by the recent global economic and financial crises had seriously jeopardized efforts to fight poverty and achieve the MDGs. While the 2008 Doha Review Conference had been a significant step towards implementing the 2002 Monterrey Consensus, top priority must be given to following it up, particularly in the matter of financing for development. An effective and inclusive intergovernmental process needed to be set in motion for that purpose within the General Assembly. At the same time, the Working Group established to follow up the decisions of the Conference on the World Financial and Economic Crisis should seek to go beyond what was already being done. The current crisis could not be an excuse for curtailing the internationally agreed development goals; it made a spirit of global partnership more necessary than ever. The proposed review of progress towards the MDGs in 2010 should offer a renewed opportunity to reinvigorate the development agenda, including development financing pledges for the remaining five years up to 2015, especially since the current crisis had revealed the inadequacy of what had been agreed in the past decade to aid the least developed countries. Those countries needed a more specific and enhanced level of international support. The multilateral financial institutions should more fully internalize the social costs and benefits of financial innovation, include prudential oversight and avoid regulatory excesses, but without imposing on developing countries a particular template for financing development. Innovative sources of financing should be encouraged, especially microfinancing, while increased ODA commitments should be sought.

8. The least developed countries were concerned about the deadlock in the Doha Round talks and the resurgence of protectionism; exceptionally vulnerable as they were, developed countries should grant them duty-free access for their products, debt relief packages and other capacity-building measures. The United Nations had an important coordinating role to play in helping least developed countries to surmount the crisis and, together with the Bretton Woods institutions, should ensure a fully inclusive approach to global reform efforts for financing development. In addition, following the demonstrated inadequacy of global and national financial regulation and supervision, steps should be taken to restore confidence, ensure the proper functioning of financial markets, exercise stricter oversight over those markets and reform the global financial system.

9. **Mr. Wang** Qun (People's Republic of China) said that development could not be achieved without financial resources, which had a crucial role in bridging the gap between the North and the South. However, despite some progress in implementing the Monterrey Consensus, the long-standing development deficit was yet to be effectively addressed. Since the outbreak of the current financial crisis, the developing countries had been contending with reduced exports, capital flight, lack of fulfilment of ODA commitments, increased cost of external financing and rising unemployment; their hard-won gains were in danger of being wiped out through shortage of financial resources.

10. While the primary responsibility for financing development rested with Governments, the international community's support was crucial. Developed countries should set feasible timetables for achieving the target of 0.7 per cent of GNP for ODA, without preconditions, and offer further debt relief to developing countries. The international financial institutions should put in place rapid-response financial rescue mechanisms and give priority to providing financial support to developing countries without strict conditions. Low-income countries would benefit not only from the flexible non-concessional financing commendably promoted by the International Monetary Fund, but also from the establishment of a more effective mechanism to address the problem of scant

funds. Furthermore, trade protectionism should be rejected by all countries, since trade was an essential driver of global economic recovery. All parties should push for a successful conclusion to the Doha Round negotiations, which were critical to the process of global trade liberalization, while efforts should continue to be made to reform the international financial architecture. In particular, steps should be taken to increase the participation of developing countries in the international financial institutions and revamp international financial oversight mechanisms.

11. **Ms. Gervasi** (Peru) said that developing countries had been hard hit by the current economic and financial crisis, particularly those that, like Peru, had been striving in recent years to broaden and diversify their foreign markets. There was therefore a need to avoid protectionism and to conclude the Doha Round talks without delay. It was also important to secure international support for micro, small and medium enterprises which, in countries like Peru, were increasingly being integrated into production and export chains and thereby becoming an effective means of combating poverty. In the same vein, financial cooperation should focus to an increasing extent on research, innovation and technology and human capacity-building.

12. As a country particularly vulnerable to climate change, without itself being one of the main contributors to it, Peru was concerned that global initiatives to address that phenomenon had also been affected by the crisis. The resources her country had to allocate to responding to the effects of climate change were a drain on its capacity to meet the basic needs of the population and hence to achieve the MDGs, including poverty reduction. In view of ongoing environmental degradation, adaptation to climate change should be a core concern in international decision-making on development financing. The upcoming Conference in Copenhagen would need accordingly to address the challenge of financing the necessary measures: Peru had submitted proposals to that effect.

13. **Mr. Aguiar Patriota** (Brazil) said that Brazil remained fully committed to the financing for development process and to the holistic agenda of the Monterrey Consensus which, along with the Millennium Declaration and the World Summit Outcome, offered sound guidance for the work ahead. The economic downturn had, however, made it necessary to take a fresh look at the internat financial architecture in order to correct flawed policies with a view to the achievement of internationally agreed development goals.

14. Some progress had been made in mobil domestic resources for development in develo countries, in particular through the prioritizatio inclusive pro-poor policies and the adoption measures to enhance social welfare, stabilize ca markets and build critical infrastructure. How measures needed to be developed for implementation of countercyclical measures, in with the new consensus on prudential macroecon policies. Regulations should also be put in pla prevent volatility in private international fina flows and steps should be taken to continue to l the cost of remittances.

15. International trade, hard hit by the crisis, notably by the unavailability of finance, presen challenge that needed to be addressed by the U Nations, in conjunction with appropriate organiza in the system. Brazil was particularly concerned a the lack of progress in the Doha Round negotiat they should be concluded in 2010 on the basis of had been actually achieved. It was also regrettabl ODA remained far below the internationally a levels, which were already too low.

16. Proactive measures were now needed to av further debt crisis. The upcoming High-level Dia on Financing for Development would offer a u opportunity to discuss such measures, as we additional measures to meet the internationally a goals; sufficient financing for development was condition for achieving them. The proj intergovernmental follow-up mechanism should h keep the financing for development process high o agenda. He expressed the hope that it woul supported by a permanent body along the lines o new United Nations composite body for gender iss

17. The key concern remained the mobilizati financial resources for development. Brazil had involved from the outset in a number of initiativ that effect and was keen to explore new ways of r additional funds. It therefore welcomed the upco ministerial meeting in Paris to address the tech and legal feasibility of a tax on international fina transactions.

18. **Ms. Blum** (Colombia) said that the global economic situation called for a redoubling of efforts to implement the Monterrey Consensus. Colombia, for its part, had been acting in accordance with the policies and commitments enshrined in the Consensus, in particular by promoting innovative mechanisms like microfinancing, which was making a valuable contribution to social development and the advancement of small and medium enterprises; microcredit offered the best and least costly solution to the current global economic crisis. It was also clear, however, that, in a globalized world, the economies of developing countries needed international support and access to markets. For that reason, her country was concerned about recent protectionist trends. Colombia remained committed to a multilateral, cooperative approach, which was essential in creating an environment conducive to financing for development and in countering threats to development, particularly terrorism. She concluded by stressing the increased importance of ODA for middle-income countries in view of the decline in international financial flows, including remittances, owing to the crisis.

19. **Mr. Briz Gutiérrez** (Guatemala) said that the Monterrey Conference on Financing for Development and the ensuing Declaration had marked a high point of achievement in the development work of the United Nations and had been a testimony to its important role in matters that had previously been the sole preserve of the multilateral financial institutions. The Monterrey Consensus had given a significant boost to ODA and had led to some progress in debt relief; however, it had not had any impact on trade, so that many of the systemic problems identified in 2002 were still unresolved, exacerbated by the impact of the crisis. The main issue was follow-up, given that the new interaction between the United Nations and the Bretton Woods institutions had not been built upon and that resource allocations to the United Nations Financing for Development Office had not been sufficient to enable it to discharge its broad mandate. It was possible that an adequate inclusive intergovernmental process, as suggested in the Doha Declaration, might provide a solution; the issue remained open and demanded the Committee's attention.

20. A second concern was that the recent Conference on the World Financial and Economic Crisis and its follow-up mechanism, rather than contributing to the Monterrey process, might develop into a parallel track, particularly through the establishment, under General Assembly resolution 63/305, of the Ad Hoc Working Group. While the two processes were not the same, there were significant connections between them and it was therefore important to treat them both as part of a broader agenda for the concerted promotion of development. That should be particularly borne in mind in the context of the upcoming High-level Dialogue of the General Assembly on Financing for Development and in the work of the Ad Hoc Working Group, especially since both undertakings were under the aegis of the General Assembly.

21. **Mr. Osuga** (Japan) said that his delegation supported the Secretary-General's call in his report (A/64/322) to protect the poor through the sustainment of employment and livelihoods and targeted social spending, and his country intended to strengthen the Tokyo International Conference on African Development process as part of its redoubling of efforts related to the Millennium Development Goals. While donor countries should fulfil their ODA commitments, developing countries needed to take responsibility for their own development. The Economic and Social Council resolution on a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up was a timely and useful contribution to enhancing international cooperation among all stakeholders, and he hoped for lively discussions at the November 2009 High-level Dialogue. His country had joined the Leading Group on Innovative Financing for Development in 2008 and looked forward in particular to exchanging information on that topic.

22. **Mr. Maksimychev** (Russian Federation) said that the General Assembly had two priority objectives in the context of the current discussion: to consider the recommendations of the Economic and Social Council on strengthening the intergovernmental process to implement the follow-up on financing for development; and, on the basis of the Doha Declaration on Financing for Development and the Outcome of the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development, to establish a basis for the adoption of political agreements at the 2010 high-level plenary meeting of the General Assembly. The Council's recommendations on new modalities for its own work required no further discussion and could be approved by the General

Assembly. The recommendations concerning the work of the Assembly were aimed at more effective use of existing mechanisms, including the High-level Dialogue on Financing for Development. The priority was to achieve greater coherence in Assembly resolutions both on financing for development and on macroeconomic questions. To that end, the Committee's agenda and programme of work might need to be amended. His delegation had made specific proposals in that regard at the Council's substantive session of 2009.

23. His delegation hoped that the Committee would adopt a substantive draft resolution with regard to follow-up on financing for development, that reflected the key understandings in the Monterrey Consensus and the Doha Declaration. Discussions on such a resolution should take into account the relevant discussions in the "macroeconomic cluster", particularly on the subjects of external debt, trade and the international financial system, as well as the outcome of the forthcoming High-level Dialogue on Financing for Development. His delegation looked forward to a swift decision on the modalities of the High-level Dialogue, including the themes of the round tables, which should reflect the balance of priorities set out in the Monterrey Consensus and the Doha Declaration. The note by the Secretary-General on the proposed organization of work of the High-level Dialogue (A/64/377) did not provide for the hearings of civil society and the business sector that were traditionally held in advance of the Dialogue, presumably because of lack of preparation time. His delegation's position on financing for development was set out in its statements on macroeconomic questions and would be further elaborated upon during the High-level Dialogue.

The meeting rose at 11.55 a.m.